

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Prairieville*  
*Barry County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

---

## CONTENTS

---

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	3 - 4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8 - 9
Statement of fiduciary net assets - agency fund	10
Notes to financial statements	11 - 20
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary comparison schedule:	
General Fund	21 - 22
<b>SUPPLEMENTARY INFORMATION</b>	
Combining balance sheet - nonmajor governmental funds	23
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	24

## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Prairieville, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Prairieville, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Township of Prairieville, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Prairieville, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 15, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The budgetary comparison schedule, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees  
Township of Prairieville, Michigan  
Page 2**

**The Township of Prairieville, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.**

**Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Prairieville, Michigan's basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.**

*Sigfried Crandall P.C.*

**July 7, 2005**

## **BASIC FINANCIAL STATEMENTS**

**Township of Prairieville**  
**STATEMENT OF NET ASSETS**  
 March 31, 2005

	<u>Governmental activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,325,361
Cash held by fiscal agent	51,903
Prepaid expenses	18,047
Receivables, net	<u>225,286</u>
Total current assets	<u>1,620,597</u>
Noncurrent assets:	
Receivables, net	779,640
Capital assets, net of accumulated depreciation	<u>462,594</u>
Total noncurrent assets	<u>1,242,234</u>
Total assets	<u>2,862,831</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	25,105
Deferred revenue	83,191
Long-term debt	<u>139,669</u>
Total current liabilities	247,965
Noncurrent liabilities:	
Long-term debt	<u>733,343</u>
Total liabilities	<u>981,308</u>
<b>NET ASSETS</b>	
Invested in capital assets	462,594
Restricted for:	
Perpetual care	35,949
Public safety	81,972
Public works	79,157
Recreation and culture	31,796
Debt service	24,651
Unrestricted	<u>1,165,404</u>
Total net assets	<u>\$ 1,881,523</u>

See notes to financial statements

**Township of Prairieville**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

		<b>Program Revenues</b>			<b>Net (expenses) revenues and changes in net assets</b>
	<b>Expenses</b>	<b>Charges for services</b>	<b>Operating grants and contributions</b>	<b>Capital grants and contributions</b>	<b>Governmental activities</b>
<b>Functions/Programs</b>					
Governmental activities:					
Legislative	\$ 3,940	\$ -	\$ -	\$ -	\$ (3,940)
General government	282,877	14,160	-	-	(268,717)
Public safety	273,100	40,442	1,631	-	(231,027)
Public works	233,159	30,209	118,070	-	(84,880)
Community and economic development	11,270	3,530	-	-	(7,740)
Culture and recreation	97,144	55,753	-	-	(41,391)
Interest on long-term debt	31,918	-	-	42,547	10,629
Total governmental activities	<u>\$ 933,408</u>	<u>\$ 144,094</u>	<u>\$ 119,701</u>	<u>\$ 42,547</u>	<u>(627,066)</u>
General revenues:					
Property taxes					452,307
State shared revenue					223,099
Franchise fees					11,898
Unrestricted interest income					10,156
Other					4,941
Total general revenues					<u>702,401</u>
Change in net assets					75,335
Net assets - beginning					<u>1,806,188</u>
Net assets - ending					<u>\$ 1,881,523</u>

See notes to financial statements



**Township of Prairieville**  
**BALANCE SHEET - governmental funds**  
March 31, 2005

	<u>General</u>	<u>Southwest Barry County Sewer</u>	<u>Little Long Lake Sewer</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 1,073,399	\$ -	\$ -	\$ 251,962	\$ 1,325,361
Cash held by fiscal agent	-	-	51,903	-	51,903
Receivables	42,199	628,012	176,574	158,141	1,004,926
Due from other funds	47,747	-	-	-	47,747
Total assets	<u>\$ 1,163,345</u>	<u>\$ 628,012</u>	<u>\$ 228,477</u>	<u>\$ 410,103</u>	<u>\$ 2,429,937</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 14,003	\$ 10,849	\$ -	\$ 253	\$ 25,105
Due to other funds	-	-	-	47,747	47,747
Deferred revenue	-	617,163	171,124	133,566	921,853
Total liabilities	<u>14,003</u>	<u>628,012</u>	<u>171,124</u>	<u>181,566</u>	<u>994,705</u>
Fund balances:					
Reserved for:					
Long-term advance	45,000	-	-	-	45,000
Debt service	-	-	57,353	20,937	78,290
Unreserved, undesignated	1,104,342	-	-	207,600	1,311,942
Total fund balances	<u>1,149,342</u>	<u>-</u>	<u>57,353</u>	<u>228,537</u>	<u>1,435,232</u>
Total liabilities and fund balances	<u>\$ 1,163,345</u>	<u>\$ 628,012</u>	<u>\$ 228,477</u>	<u>\$ 410,103</u>	

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	462,594
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	18,047
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	838,662
Long-term liabilities, including contract and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(873,012)
Net assets of <i>governmental activities</i> (page 5)	<u>\$ 1,881,523</u>

**Township of Prairieville**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended March 31, 2005

	<u>General</u>	<u>Southwest Barry County Sewer</u>	<u>Little Long Lake Sewer</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Property taxes	\$ 132,433	\$ -	\$ -	\$ 319,874	\$ 452,307
Licenses and permits	52,746	-	-	-	52,746
State grants	342,300	-	-	500	342,800
Charges for services	14,342	-	-	55,773	70,115
Fines and forfeitures	2,922	-	-	-	2,922
Interest and rentals	7,256	29,012	9,805	6,630	52,703
Other	4,868	148,333	31,197	48,664	233,062
Total revenues	<u>556,867</u>	<u>177,345</u>	<u>41,002</u>	<u>431,441</u>	<u>1,206,655</u>
<b>EXPENDITURES</b>					
Legislative	3,940	-	-	-	3,940
General government	276,172	-	-	-	276,172
Public safety	239,301	-	-	564	239,865
Public works	175,780	-	-	58,374	234,154
Community and economic development	11,270	-	-	-	11,270
Culture and recreation	32,550	-	-	57,538	90,088
Capital outlay	14,461	-	-	1,727	16,188
Debt service:					
Principal	-	155,781	15,000	15,000	185,781
Interest	-	21,564	7,454	2,900	31,918
Total expenditures	<u>753,474</u>	<u>177,345</u>	<u>22,454</u>	<u>136,103</u>	<u>1,089,376</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(196,607)</u>	<u>-</u>	<u>18,548</u>	<u>295,338</u>	<u>117,279</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	335,500	-	-	-	335,500
Transfers out	-	-	-	(335,500)	(335,500)
Total other sources (uses)	<u>335,500</u>	<u>-</u>	<u>-</u>	<u>(335,500)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>138,893</u>	<u>-</u>	<u>18,548</u>	<u>(40,162)</u>	<u>117,279</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,010,449</u>	<u>-</u>	<u>38,805</u>	<u>268,699</u>	<u>1,317,953</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,149,342</u>	<u>\$ -</u>	<u>\$ 57,353</u>	<u>\$ 228,537</u>	<u>\$ 1,435,232</u>

See notes to financial statements

**Township of Prairieville**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - governmental funds (Continued)**  
Year ended March 31, 2005

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ 117,279
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$48,910) and loss on disposal of assets (\$6,637) exceeded capital outlays (\$21,913) in the current period.	(33,634)
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	3,821
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(197,912)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>185,781</u>
Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 75,335</u>

See notes to financial statements

***Township of Prairieville***

**STATEMENT OF FIDUCIARY NET ASSETS - *agency funds***

*March 31, 2005*

---

**ASSETS**

Cash	\$ <u>20,885</u>
------	------------------

**LIABILITIES**

Payables	<u>\$ 20,885</u>
----------	------------------

*See notes to financial statements*

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Prairieville, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Southwest Barry County Sewer Fund accounts for the financial resources used for payment of debt related to sewer improvements.

The Little Long Lake Sewer Fund accounts for the financial resources used for payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*d) Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide financial statements.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	4 - 20 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variances:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Other	\$ 119,735	\$ 124,451	\$ (4,716)
	Public safety	Police	120,196	122,754	(2,558)
Fire	Other financing uses	Transfer out	127,000	131,000	(4,000)
Police	Other financing uses	Transfer out	80,000	142,000	(62,000)
Park	Recreation and culture	Parks	53,000	57,538	(4,538)
Crooked Lake					
Weed	Public works	Public works	14,400	30,209	(15,809)

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Deposits with financial institutions	\$ 1,325,111	\$ 20,885	\$ 1,345,996
Cash on hand	250	-	250
	<u>\$ 1,325,361</u>	<u>\$ 20,885</u>	<u>\$ 1,346,246</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$1,345,996 and a bank balance of \$1,351,776. Of the bank balance, \$300,000 is covered by federal depository insurance and \$1,051,776 is uninsured.



**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ -	\$ 8,160	\$ -	\$ 34,039	\$ 42,199
Southwest Barry County					
Sewer	-	-	628,012	-	628,012
Little Long Lake Sewer	-	-	176,574	-	176,574
Nonmajor governmental	<u>1,500</u>	<u>19,954</u>	<u>136,687</u>	<u>-</u>	<u>158,141</u>
<b>Totals</b>	<b><u>\$ 1,500</u></b>	<b><u>\$ 28,114</u></b>	<b><u>\$ 941,273</u></b>	<b><u>\$ 34,039</u></b>	<b><u>\$ 1,004,926</u></b>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 779,640</u>	<u>\$ -</u>	<u>\$ 779,640</u>

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets being depreciated:				
Land improvements	\$ 67,050	\$ -	\$ -	\$ 67,050
Buildings and improvements	235,775	-	-	235,775
Equipment	284,781	2,035	-	286,816
Vehicles	<u>381,343</u>	<u>19,878</u>	<u>(26,548)</u>	<u>374,673</u>
Subtotal	<u>968,949</u>	<u>21,913</u>	<u>(26,548)</u>	<u>964,314</u>
Less accumulated depreciation for:				
Land improvements	(22,413)	(3,228)	-	(25,641)
Buildings and improvements	(136,801)	(6,082)	-	(142,883)
Equipment	(134,189)	(18,641)	-	(152,830)
Vehicles	<u>(179,318)</u>	<u>(20,959)</u>	<u>19,911</u>	<u>(180,366)</u>
Subtotal	<u>(472,721)</u>	<u>(48,910)</u>	<u>19,911</u>	<u>(501,720)</u>
Governmental activities capital assets, net	<u>\$ 496,228</u>	<u>\$ (26,997)</u>	<u>\$ (6,637)</u>	<u>\$ 462,594</u>

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 7,634
Public safety	35,336
Culture and recreation	<u>5,940</u>
Total governmental activities	<u>\$ 48,910</u>

**NOTE 6 - NONCURRENT LIABILITIES:**

Long-term debt at March 31, 2005, is comprised of the following individual issues:

*Contract payable:*

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

\$ 628,012

*Bonds payable:*

\$99,000 2001 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$11,000 to \$15,000, plus interest at 4.85%; final payment due April 2008.

45,000

\$265,000 2003 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$10,000 to \$20,000, plus interest ranging from 1.60% to 4.60%; final payment due June 2014.

200,000

\$ 873,012

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - NONCURRENT LIABILITIES (Continued):**

Long-term debt activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Contract payable	\$ 783,793	\$ -	\$ (155,781)	\$ 628,012	\$ 104,669
2001 special assessment bonds	60,000	-	(15,000)	45,000	15,000
2003 special assessment bonds	<u>215,000</u>	<u>-</u>	<u>(15,000)</u>	<u>200,000</u>	<u>20,000</u>
Total governmental activities	<u>\$ 1,058,793</u>	<u>\$ -</u>	<u>\$ (185,781)</u>	<u>\$ 873,012</u>	<u>\$ 139,669</u>

At March 31, 2005, debt service requirements on long-term debt are follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 124,669	\$ 47,840
2007	139,669	41,723
2008	139,669	34,080
2009	139,669	26,361
2010	124,668	18,946
2011 - 2015	<u>204,668</u>	<u>25,751</u>
Totals	<u>\$ 873,012</u>	<u>\$ 194,701</u>

**NOTE 7 - PAYABLES:**

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 7,772	\$ 6,231	\$ -	\$ 14,003
Southwest Barry County				
Sewer	-	-	10,849	10,849
Nonmajor governmental	<u>253</u>	<u>-</u>	<u>-</u>	<u>253</u>
Total	<u>\$ 8,025</u>	<u>\$ 6,231</u>	<u>\$ 10,849</u>	<u>\$ 25,105</u>

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

**NOTE 8 - DEFERRED REVENUE:**

As of March 31, 2005, the various components of deferred revenues are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Special assessments	\$ 83,191	\$ 838,662	\$ 921,853

**NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

At March 31, 2005, the composition of interfund balances follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 47,747	Long Point Road Drug	\$ 45,000 2,747
Total	\$ 47,747	Total	\$ 47,747

A summary of interfund transfers for the year ended March 31, 2005, is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
General	\$ 335,500	Cemetery	\$ 2,500
		Road	60,000
		Fire	131,000
		Police	142,000
			\$ 335,500

The transfer to the General Fund represents:

- unrestricted revenues collected in the Cemetery Fund to pay for operational costs of the Cemetery functions accounted for in the General Fund.
- restricted revenues collected in the Road Fund to pay for operational costs of the public works functions accounted for in the General Fund.
- restricted revenues collected in the Fire Fund to pay for operational costs of the fire department accounted for in the General Fund.
- restricted revenues collected in the Police Fund to pay for operational costs of the police department accounted for in the General Fund.

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

**NOTE 10 - JOINT VENTURE:**

BPH Fire is a joint venture of Barry, Prairieville, and Hope Townships. Each township is required to contribute one-third of the budgeted expenditures. In accordance with the joint venture agreement, the Township remitted \$18,623 to BPH Fire during the year ended March 31, 2005. The Township has no equity interest in BPH Fire. Complete financial statements can be obtained from the Clerk of the Township of Barry.

**NOTE 11 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 12 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$12,448 for the year ended March 31, 2005.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 13 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

Revenues	\$ 37,317
Expenses	<u>(35,563)</u>
Excess of revenues over expenses	<u>\$ 1,754</u>

**Township of Prairieville**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

---

**NOTE 14 - ACCUMULATED DEFICITS:**

The Crooked Lake Weed Control Fund, a special revenue fund, has an accumulated deficit fund balance in the amount of \$15,224. The deficit is the result of revenues inadequate to cover the costs of weed control in the current year. The deficit will be eliminated through increased special assessments in the subsequent year.

The Long Point Drive Road Fund, a capital project fund, has an accumulated deficit fund balance in the amount of \$3,899. The deficit is the result of revenues inadequate to cover the costs of a road reconstruction project. The deficit will be eliminated through the collection of special assessments in subsequent years.

**NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported	\$ 1,317,953
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	496,228
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	14,226
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,036,574
Long-term liabilities, including contract and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,058,793)</u>
Net assets, as restated	<u>\$ 1,806,188</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Prairieville**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 127,953	\$ 132,373	\$ 132,433	\$ 60
Licenses and permits	48,000	51,700	52,746	1,046
State grants	316,875	334,505	342,300	7,795
Charges for services	16,060	14,338	14,342	4
Fines and forfeitures	2,500	2,921	2,922	1
Interest and rentals	7,600	7,575	7,256	(319)
Other	8,400	19,911	4,868	(15,043)
Total revenues	<u>527,388</u>	<u>563,323</u>	<u>556,867</u>	<u>(6,456)</u>
<b>EXPENDITURES</b>				
Legislative	<u>6,000</u>	<u>4,100</u>	<u>3,940</u>	<u>160</u>
General government:				
Supervisor	28,650	28,015	27,193	822
Election	7,550	8,332	7,779	553
Assessor	28,850	27,815	27,810	5
Clerk	29,750	29,990	29,495	495
Board of review	650	560	560	-
Treasurer	27,600	27,255	26,430	825
Hall and grounds	12,750	9,339	10,652	(1,313)
Cemetery	26,500	21,803	21,802	1
Other	114,200	119,735	124,451	(4,716)
Total general government	<u>276,500</u>	<u>272,844</u>	<u>276,172</u>	<u>(3,328)</u>
Public safety:				
Police protection	100,931	120,196	122,754	(2,558)
Fire protection	79,997	95,420	80,984	14,436
Inspections	45,050	35,563	35,563	-
Total public safety	<u>225,978</u>	<u>251,179</u>	<u>239,301</u>	<u>11,878</u>
Public works:				
Highways and streets	135,000	58,834	58,834	-
Street lights	6,000	2,371	2,371	-
Scrap tire program	114,575	114,575	114,575	-
Total public works	<u>255,575</u>	<u>175,780</u>	<u>175,780</u>	<u>-</u>



**Township of Prairieville**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	\$ 15,100	\$ 11,470	\$ 11,270	\$ 200
Recreation and culture - library	33,000	32,550	32,550	-
Capital outlay	52,100	24,099	14,461	9,638
Total expenditures	864,253	772,022	753,474	18,548
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(336,865)	(208,699)	(196,607)	12,092
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Cemetery Fund	2,500	2,500	2,500	-
Road Fund	90,000	60,000	60,000	-
Fire Fund	184,000	188,000	131,000	(57,000)
Police Dispatch Fund	80,000	142,000	142,000	-
Total other financing sources	356,500	392,500	335,500	(57,000)
<b>NET CHANGE IN FUND BALANCES</b>	19,635	183,801	138,893	(44,908)
<b>FUND BALANCES - BEGINNING</b>	1,010,449	1,010,449	1,010,449	-
<b>FUND BALANCES - ENDING</b>	\$ 1,030,084	\$ 1,194,250	\$ 1,149,342	\$ (44,908)

## **SUPPLEMENTARY INFORMATION**

**Township of Prairieville**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
**March 31, 2005**

	<u>Special revenue funds</u>				
	<u>Cemetery</u>	<u>Road</u>	<u>Fire</u>	<u>Police</u>	<u>Police Training</u>
<b>ASSETS</b>					
Cash	\$ 35,949	\$ 39,639	\$ 63,140	\$ 3,514	\$ 471
Receivables	-	5,964	8,603	5,387	-
Total assets	<u>\$ 35,949</u>	<u>\$ 45,603</u>	<u>\$ 71,743</u>	<u>\$ 8,901</u>	<u>\$ 471</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Payables	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit):					
Reserved for debt service	-	-	-	-	-
Unreserved, undesignated	<u>35,949</u>	<u>45,603</u>	<u>71,743</u>	<u>8,901</u>	<u>471</u>
Total fund balance	<u>35,949</u>	<u>45,603</u>	<u>71,743</u>	<u>8,901</u>	<u>471</u>
Total liabilities and fund balance	<u>\$ 35,949</u>	<u>\$ 45,603</u>	<u>\$ 71,743</u>	<u>\$ 8,901</u>	<u>\$ 471</u>

<u>Special revenue funds</u>				<u>Capital project funds</u>		<u>Debt service fund</u>	<u>Totals</u>
<u>Park</u>	<u>Pine Lake Weed</u>	<u>Drug</u>	<u>South Crooked Lake Weed</u>	<u>Long Point Drive</u>	<u>Oak Drive</u>	<u>South Crooked Lake Drive</u>	
\$ 30,064	\$ 24,888	\$ 3,604	\$ (16,349)	\$ 41,101	\$ 6,611	\$ 19,330	\$ 251,962
-	1,500	-	57,540	11,065	35,389	32,693	158,141
<u>\$ 30,064</u>	<u>\$ 26,388</u>	<u>\$ 3,604</u>	<u>\$ 41,191</u>	<u>\$ 52,166</u>	<u>\$ 42,000</u>	<u>\$ 52,023</u>	<u>\$ 410,103</u>
\$ 253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253
-	-	2,747	-	45,000	-	-	47,747
-	-	-	56,415	11,065	35,000	31,086	133,566
<u>253</u>	<u>-</u>	<u>2,747</u>	<u>56,415</u>	<u>56,065</u>	<u>35,000</u>	<u>31,086</u>	<u>181,566</u>
-	-	-	-	-	-	20,937	20,937
29,811	26,388	857	(15,224)	(3,899)	7,000	-	207,600
<u>29,811</u>	<u>26,388</u>	<u>857</u>	<u>(15,224)</u>	<u>(3,899)</u>	<u>7,000</u>	<u>20,937</u>	<u>228,537</u>
<u>\$ 30,064</u>	<u>\$ 26,388</u>	<u>\$ 3,604</u>	<u>\$ 41,191</u>	<u>\$ 52,166</u>	<u>\$ 42,000</u>	<u>\$ 52,023</u>	<u>\$ 410,103</u>

**Township of Prairieville**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - nonmajor governmental funds**  
Year ended March 31, 2005

	<u>Special revenue funds</u>				
	<u>Cemetery</u>	<u>Road</u>	<u>Fire</u>	<u>Police</u>	<u>Police Training</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ 95,506	\$ 138,460	\$ 85,908	\$ -
State grants	-	-	-	-	500
Charges for services	-	-	-	-	-
Interest	390	241	809	784	-
Other	-	-	-	-	-
Total revenues	<u>390</u>	<u>95,747</u>	<u>139,269</u>	<u>86,692</u>	<u>500</u>
<b>EXPENDITURES</b>					
Public safety	-	-	-	-	483
Public works	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	390	95,747	139,269	86,692	17
<b>OTHER FINANCING USES</b>					
Operating transfers out	<u>(2,500)</u>	<u>(60,000)</u>	<u>(131,000)</u>	<u>(142,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,110)	35,747	8,269	(55,308)	17
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>38,059</u>	<u>9,856</u>	<u>63,474</u>	<u>64,209</u>	<u>454</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ 35,949</u>	<u>\$ 45,603</u>	<u>\$ 71,743</u>	<u>\$ 8,901</u>	<u>\$ 471</u>

<u>Special revenue funds</u>				<u>Capital project funds</u>		<u>Debt service fund</u>	<u>Totals</u>
<u>Park</u>	<u>Pine Lake Weed</u>	<u>Drug</u>	<u>Crooked Lake Weed</u>	<u>Long Point Drive</u>	<u>Oak Drive</u>	<u>South Crooked Lake Drive</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319,874
-	-	-	-	-	-	-	500
55,753	-	20	-	-	-	-	55,773
421	-	24	-	1,178	-	2,783	6,630
73	-	-	15,630	13,525	7,000	12,436	48,664
56,247	-	44	15,630	14,703	7,000	15,219	431,441
-	-	81	-	-	-	-	564
-	28,165	-	30,209	-	-	-	58,374
57,538	-	-	-	-	-	-	57,538
1,537	-	190	-	-	-	-	1,727
-	-	-	-	-	-	15,000	15,000
-	-	-	-	-	-	2,900	2,900
59,075	28,165	271	30,209	-	-	17,900	136,103
(2,828)	(28,165)	(227)	(14,579)	14,703	7,000	(2,681)	295,338
-	-	-	-	-	-	-	(335,500)
(2,828)	(28,165)	(227)	(14,579)	14,703	7,000	(2,681)	(40,162)
32,639	54,553	1,084	(645)	(18,602)	-	23,618	268,699
<u>\$ 29,811</u>	<u>\$ 26,388</u>	<u>\$ 857</u>	<u>\$ (15,224)</u>	<u>\$ (3,899)</u>	<u>\$ 7,000</u>	<u>\$ 20,937</u>	<u>\$ 228,537</u>

**RESOLUTION**  
**OF THE PRAIRIEVILLE TOWNSHIP BOARD**  
Deficit Elimination Plan for Fiscal Year 2004 - 2005

**WHEREAS**, pursuant to the Michigan Compiled Laws Section 141.921 if a local government ends its fiscal year in a deficit condition, the unit of government shall formulate and file a deficit elimination plan with the Department of Treasury seeking certification upon certification shall implement such approved plan and,

**WHEREAS**, the Township of Prairieville Audited Financial Statements for the fiscal year 2004-2005 indicated a deficit of \$15,224 in the Crooked Lake Weed Fund;

**WHEREAS**, the Prairieville Township Clerk has prepared a deficit elimination plan and presented such plan to the Township Board for review and approval and

**WHEREAS**, the Township Board has determined it is in the best interest of the Township to approve the deficit elimination plan filed in October 2005, with this Deficit Elimination Plan for the Fiscal year 2005 – 2006 noting the current and projected revenues of the Crooked Lake Weed are sufficient with principal payments annually of \$14,490 for the next five (5) years to cover the deficit and complete the additional approved project per their agreement.

**WHEREAS**, the Township of Prairieville Audited Financial Statements for the fiscal year 2004-2005 indicated a deficit of \$3,899 in the Long Point Road Fund,

**WHEREAS**, the Prairieville Township Clerk has prepared a deficit elimination plan and presented such plan to the Township Board for review and approval and

**WHEREAS**, the Township Board has determined it is in the best interest of the Township to approve the deficit elimination plan filed in October 2005, with this Deficit Elimination Plan for the Fiscal year 2005 – 2006 noting the current and projected revenues of the Long Point Road Fund are sufficient with principal payments for tax year 2005 of \$11,877.20 to eliminate the deficit in its entirety.

its

**NOW, THEREFORE BE IT RESOLVED** that the Township of Prairieville approves the Township Clerk's proposed Deficit Elimination Plan by the adoption of this Resolution and upon approval of the Michigan Department of Treasury the Township of Prairieville shall implement such plan.

**BE IT FINALLY RESOLVED**, that this Resolution be entered by the Township Clerk into the official records of the Township of Prairieville on the 12<sup>th</sup> day of October, 2005. Moved by Jack Kennedy, supported by Sharon Ritchie to adopt the foregoing Resolution.

YEAS: Jack Kennedy, Sharon Ritchie, Mike Herzog, Vicki Nottingham

NAYS:

Absent: Normajan Nichols

**I HEREBY CERTIFY THAT THE FOREGOING** Resolution was adopted by the Township of Prairieville at a regular meeting held on the 12<sup>th</sup> day of October 2005. Public Notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976 as amended.

Vicki Nottingham

~~Normajan Nichols, Township Clerk~~  
Township of Prairieville

Vicki Nottingham, Township Treasurer